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# MACLEAN'S

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# THINKING THE UNTHINKABLES

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David Collier, President of Canadian Association of Petroleum Producers, an industry organization representing the nation's upstream oil and natural gas industry.

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Steven Dyer is director of oil sands at the Pembina Institute, a public-policy and education organization concerned with sustainable energy issues.

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## Are Canada's oil sands developing too quickly?

### ISSUES ABOUT THE OIL SANDS

Sustainable development? The petroleum industry readily admits that there are environmental challenges facing oil sands development, but that they must be balanced by the socio-economic benefits. Depending on how you measure the environmental costs of development, the oil sands will either contribute \$2.4 trillion to Canada's GDP or doom itself—and the environment—with high costs at a time of lowering oil prices.

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• Change your meeting strategy	Guest simply might cancel if they don't show up
• Check your subordination	By phone and in person

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# 'Let's call this court battle what it really is: a spoiled woman's guide to gold-digging'

## OBAMA OVERKILL

I'M HAPPY TO SEE the Obamas finally get a President who wants to bring stoops to the world. This is the voluminous, demanding task to be achieved through persistence and patience, as your article ("National, Feb. 21), your post suggest it. But Canadian reporters were more than 50 per cent in favour of Obama's economic and environmental programs—though I would strongly suggest that fewer than 50 per cent could tell you what those programs are.

Rita Haskins, Winnipeg

WRIST? Another Obama coin? Perhaps read an could be fair photos of their pets, if you're vacation spots, or children upgrades if you like me really that short of cover material. I have nothing to participate against the President. I'm sure he's a grand fellow. But really, enough is enough.

Jerald Schoff, Edmonton

## BLAME THE BOOMERS

PARDON ME (I don't think you may know for your couple in "A generation of failure" (Ottawa, Feb. 21), where if both husband and wife died \$11 an hour in Inglewood, Ont., that would cost 10,000 a year. After a couple of years I hope they'd be able to pay costs for a house. And they don't think the golden egg would ever break? Now time off at about some one who will drive mad empathy from your readers, not disbelief at the stunning stupidity of anyone who thinks a job is a car parts plant will last forever. Is anyone ever going to point a finger at our trade unions, or are they guilty in all of this?

Brian Mahoney, Toronto

AS A SECOND-AGE view of what exists in our society and is desired. My husband and I both fall into the "young" demographic, but I'm choosing to join my generation as winners in the end. I don't want my parents' legacy of the constantly renewed mortgage, the swimming pool, the trips that we paid for with my parents' continuous overtime, and debt-laden debts—not to mention their generation's track record with the environment. I'm working toward a moderate future with a smaller house, fewer possessions, and more family time. My heart goes out to those

who have been laid off and struggling to live. We have two young children, it means jobs, and a mortgage. We're constantly taking stock of what we have and what we need. We're always looking for a backup plan in case of sudden layoffs, and the solution comes to mind first in family. Extended families have traditionally tied together, and now is the time for families to stand together for support. We can be a generation of its own, holding our heads up high as we march into a healthier future, pressing along a medium north for our children to leapfrog.

Rhonda Jones, Orleans, Ont.



OWAS enforcement enough to have been hired for the self-called boomer generation. I returned to school after every successive lay-off to improve my skills while the "boomer" employees (boomers) enjoyed all the perks, raises, seniority and security. Now that the boomers have effectively destroyed their children's and grandchildren's economic and social mobility, they will refuse to retire from their high-paying public service jobs due to the disinclination of mandatory retirement. Will my generation have to wait until the boomers are wheeled out of the workdays as garbage to get a chance at a future? Unfortunately, we'll be stuck with their health care tab.

Monica Johnson, Mississauga, Ont.

## GOLD DIGGER?

RESPONDING TO the article "Adulteress, the law has broken in" (Society, Feb. 21), I would

like to say this to "Lola": please do me—and all the other disrespectful women out there—a favour and refrain from being so fatality-jaded like that you are fighting to "change the law for other women." Let's cut the crap and all the over-the-top battle what it really is: a spoiled woman's guide to gold-digging. Going to court to fight for obscene amounts of money when you've already been given ridiculous amounts of money simply for serving as a distraction on some talk-show and those interested of money in the courtroom, why don't you turn how to come back on your own, or better yet, how to be a responsible mother who would mind some moral values in her children?

Lisa Lefkowitz, Vancouver

## CLASSY DUDES

MYERER Richard Phillips and Roger Martin to write a report on "Ontario in the creative age." Ontario's McGraw-Hill Foundation was duped by the University of Toronto student rig machine, as Andrew Porter points out ("What would you pay for a crap with no roads?" Ontario, Feb. 21). U of T is bent on being perceived as a world-class university, a key element of which is having a world-class faculty. High-profile professors like Martin and Phillips have suddenly promoted with the academic world to sell on their value. Their value has enough room to put a strain, but we do need to be desperate in the absence of business training. At Martin and Phillips are truly intelligent, they will realize that they are going to a much larger scheme.

Stephanie Proulx, Toronto

IF ANDREW PORTER feels strongly enough that my taxpayer money can be better spent on physical skills than on a report by Roger Martin and Richard Phillips, I would bet, as a member of the "creative class," to fill the holes in my street. I will offer him the handsome wage of \$15 an hour for his efforts. Canadians can no longer afford to think of themselves as primarily "owners of wood and bricks of water." I am encouraged by your argument that has the foresight to consider our studies that will help define the next industrial revolution, so that we can afford to pay Porter to continue writing scathing articles about others who make a positive difference in our society.

Gerald Neufeld, Guelph, Ont.

## THE RIGHT MAIL

ANYONE ELSE ALREADY that there are many rural mailboxes placed in unsafe locations that are a safety hazard for postal workers who deliver mail ("Given points have to drive on the right," National, Feb. 9). In part, this problem was created by Canada Post, who in June 2005 told rural drivers to stop getting out of their car while delivering mail or face discipline. Hence this rural mail carrier now has to walk on the right-hand side of the road, park, undo their seat belt, shiver across the front seat and around the back of mail they have to deliver, roll down the window, stretch to reach the mailbox, roll the window back up, slide back over the obstruction, back up, drive 20 feet and do it all over again. He says Tim Hartman suddenly pulling over to drive up and order from the passenger side window. Now picture the confusion if mail delivery is a day. The Canadian Union of Postal Workers (CUPW) has advocated a number of solutions to these problems that will not require rural residents to travel to unattended community mailboxes to receive their mail. Denis Levesque, National President, CUPW, Ottawa

## NO CREDIT

IF CREDIT CARD companies are responsible for unprecedented losses these days ("Ending the myth of the fiscal Canadian," Business, Feb. 21), they have no one to blame but themselves. For years I have been bombarded with phone calls from telemarketers from many different financial institutions, including some with whom I have never had previous dealings. They all tried to force credit cards on me, in spite of the fact I have well below the Canadian poverty line. One big plus about these telemarketers is that I am no longer receiving their annoying calls.

Margaret McLoughlin, Roberts Creek, B.C.

## WRESTLING WITH REALITY

IN HIS ARTICLE "The Human version of The Wrestler" (Society, Feb. 21), Bret Hart performs tricks for strangers that his day in the ring. His daily routine about "too many deaths"—including his own death—"before during one night" deal about a look on his head that would be his "last breath." Hart accuses the movie of having "no respect for art or our dignity," while his clothing empire does exactly what he condemns. A contrary viewpoint, the film gave us a chance to see the world for these consummate athletes who risk life and limb to please their fans. Hart has rarely used his half-faded physique as a platform to launch his own career and could. Hopefully his article will not divert us away from a brilliant and mesmerizing movie experience.

Dennis Marlowe Gar, Victoria



'THE ANCIENT CRIME' of polygamists should be dumped into the garbage can of history

EXPRESSIONS. But Hart's attempts at dispelling the negative image of polygamists in "The Wrestler" that his experience—consumers, athletes, alienated family members and "too many deaths to count as anyone"—seemed to support the movie. Oddly, as a reliable aged historian, I felt the movie spoke directly to me: "I don't do those relationships and have a life and plan your career, you do." I knew that was real, even if I knew the movie's staple-garage scene probably wasn't.

Katherine Lee, Thornhill, B.C.

## POLYGAMOUS OPINION

IN HIS ARTICLE "Why don't we need to make polygamy a crime?" (Opinion, Feb. 21), Andrew Coyne correctly asserts "the reason the old heterosexual definition of marriage did not survive scrutiny was that its definition could not accurately identify the families that made up the society." Why, however, did the burden of proof fall on those who defend traditional marriage?

Those advocating for polygamous marriage—or gay marriage prior to legislation—don't have evidence that there is a better arrangement for children. When it comes to the traditional families, social science research is clear on the many benefits for kids when mom and dad are married. Life in a polygamous family is likely to fail. The question is whether we are entering into an era of boundless experimentation on children, under the auspices—how ever well-meaning—of tolerance and equality. Andrew Coyne, Manager of Research and Communications, Institute of Marriage and Family Canada, Ottawa

SECTION 293 of the Criminal Code, which prohibits polygamy, protects Canadian women. Any practice that violates women's constitutional right to equality with men, that

imposed on them, that harms them emotionally and that also harms their children, should be considered a crime. Polygamous "wives" cannot benefit from their husband's marriage and may not share equally in the man's property should he die, not to mention the destructive stressors engendered by having to share one's husband with many other women. This is why thousands of Muslim women are now protesting their governments to end polygamy. The UN Commission on the Elimination of All Forms of Discrimination Against Women agrees that polygamy contravenes women's right to equality and also harms their children. Canada ratified the protocol on Oct. 15, 1992, and is legally obligated to uphold it. (Justice for the ancient patriarchal crime of polygamy to be dropped into the garbage can of history.)

Joan M. Andrews, Schick, B.C.

## IN PASSING

Scott Symons, 75, ended his life in his Toronto couple, he shocked his country in the late 1960s with his sexually frank and later widely printed notes about the decay of traditional Canadian society, including Philip Morris and CIBC Square. He led the careers of Canadian rock and lived for 25 years in Morocco, where he wrote *Midnight in Toledo*.

Sokka, 38, per. A man adopted in Japan by Bill and Hillary Clinton, the white-haired octogenarian in the White House with the couple and their daughter, Chae. He spent much of his Clinton presidency in their outside the Oval Office. Sokka shared the White House with a dog, Buddy.





# Recovery is impossible without some change



ANDREW COYNE

The longer the credit crisis wears on, it seems, the less we learn. In the early days the signal-to-noise ratio in the commentary was relatively high, as these things go. But now the credit crisis itself has lost all the volume of emphasis it has gone exponentially, and not all of it in Paul Krugman's columns.

Each new intervention only speculates for still more radical measures, often to deal with the consequences of the last. So the expenditure of trillions of borrowed dollars in fiscal "stimulus," much of which will, as critics suggest, be dissipated on imports from other countries, becomes the prospect for "Buy America" sales to governments with "free riding." In the same way, corporate bailouts are used to justify capping the salaries of executives at recipient firms—which may at least make those CEOs think twice before taking the government check.

Before things go completely off the rails, at least a little reform. Let's start by understanding that there is nothing particularly new in what we are going through. Markets panic and crashes are in addition to optimism or order. The balance between sectors may be more imbalanced, the effects may spread more rapidly around the globe, but the feedback loops are no more violent, but the essential elements are neither inventions (for most) Arguments that they reveal an emerging weakness in "free-market ideology" would be more persuasive if the crisis had not been so accurately anticipated and circumscribed at every turn by government action, from the Fed to Finance Ministry, from mortgage interest deduction to bailout. If all of these making-sure arguments were not an obviously peddling their own ideologies, I'd still give them the same weight of behind-rhetoric psychology will likewise prove over-hyped at times, not because it is not often or even always irrational—an insight with

which I assure you commentators since Alan Schwartz have been unusually familiar—but because rationality, the idea that people respond in relatively predictable ways to incentives, remains the best working assumption.

As we should be wary of casting too broad a net in our search for causes, so we should not overreach in listing the possible consequences. Attributions of the crisis to "global imbalances," in which the U.S. is overconsumptive and China saves too much, only get it half right: The willingness of Chinese households to save was not a cause of the U.S. housing bubble—they simply replaced U.S. savings,

gave immense payments, via the cascade, the Chinese government, new properties to subsidize them directly as well. All of this is not merely an attempt to forecast the inevitable—into bubbles, anyone!—but actively harmful to growth in the long run. Households need to save more. Corporations need to reduce their leverage. Banks need to rebuild their capital. These are rational things. These are good things. No forcing economy to survive without them. It may be that they could cause additional pain in the short run, but if you've noticed, the road to the long run runs through the short.

That does not mean that government should, in the current circumstances, proponents, "do nothing" (as in Obama's part in Tuesday's address in Congress, "I reject the view that says our problems will simply take care of themselves"). The cause is either the choice in these decisions not to do anything and doing nothing, everyone, and nearly everyone, against the crisis of a world that requires massive government intervention (even if, in this, government was not involved in causing it). The question is what kind of intervention. Fiscal stimulus, of the kind proposed in both Canada and the U.S., is at best a



## Households need to save more. Banks need to rebuild capital. These are not bad things.

which had billions to save zero—no real debt China invests all these billions of surplus dollars in the U.S. as a source of return, but rather because it made sense on other grounds. That is unlikely to change. The U.S. dollar is and will remain the world's reserve currency—the euro is far the greater danger of collapsing—so the free-market access of a potential, of a currency that is the dollar lending the Chinese to cash out (and that make them go home, not least for themselves), is unwelcome.

What is more true is that American households are saving too little—or in the case of their government, borrowing (running deficits) on the scale of the order of billions of dollars a year. With the stock market collapse having wiped out much of their net assets, American households are responding appropriately—cautiously, you might say—by rebuilding their savings. But their government is doing everything in its power to prevent this necessary adjustment, not only by taking its own interest-bearing but offering Americans hefty incentives to carry on with their previous extravagance. Not content with indirectly subsidizing more

debt, if the problem is averting an all-out 2009-style depression, monetary policy is the necessary and sufficient remedy—cutting and banks can supply whatever amounts of money are needed. If the problem is fixing broken credit markets—which remains the case in the case of the crisis that will require more money, and still more liquidity, the parade of plans for reducing banks' so-called "toxic" assets, under the Bush and now the Obama administration—TARP, TARP, PPE, on and on—definitely is not forgivable, given the complexity of the problem. And yes, if the problem is ensuring this never happens again, one part of the solution will be intelligent reforms to financial regulations, though these will be taken even more to creating and compensating, regulations to which will new ones.

But if the problem is avoiding a necessary process of adjustment, I'm afraid no amount of policy can spare us from this. ■

ON THE WEB For more Andrew Coyne, visit his blog at [www.macleans.com/webnarcosis](http://www.macleans.com/webnarcosis)

# Sometimes a primate is just a primate, Reverend



ANDREW POTTER

The third week of Black History Month was not exactly a high-water mark in race relations in the United States. Last Wednesday, Assembly Governor Eric Holder (who is black) caused a storm of anger when a speech he called America's "nation of cowards" for refusing to have a bank commission about race.

The same day, the New York Post ran a political cartoon showing two policemen standing in front of the bullet-riddled body of a chimpanzee. One of the cops then looks holding a smoking gun, while the other looks at him and says, "They'll have to find some race to blame the racist stimulus bill." The Post's offices were promptly packed by a few hundred demonstrators who denounced the paper as racist, led into them of "racist news" by old rights activist and professional race-baiter Al Sharpton.

Such a long way from the collective struggle for a more perfect union that the U.S. President called for in the widely admired speech on race that he delivered in Philadelphia last March.

Obama began by bringing the ongoing history and tradition of blacks—who can trace to within a distance of decades to the legacy of centuries of discrimination—and many immigrants and working-class whites, who don't feel that they are especially privileged and resent the special treatment given to blacks. Most remarkably he assumed that the only way to move forward for the middle to poor working class is a series of spectacles, for activities to stop using it as a watershed upon which to grand a pat on the head, and for everyone to stop looking for trouble where there is none.

You feel as one seems to have listened, starting with Al Sharpton and his constituents. The suggestion that the Post cartoon is

racist is very long on the tongue with Obama didn't even wait the stimulus bill, the Democratic members of Congress. The cartoon was obviously lifting off the outrage by Thursday that a Congress earlier in the week, arguing that the stimulus package was an act it could only have been passed by an (racist) chimpanzee. Yes, depicting blacks as monkeys and apes is a longstanding cliché of racist propaganda, but a worth pointing out that George W. Bush was not rarely depicted as having similar features by political cartoonists. Sometimes a primate is just a primate.

As for Eric Holder, it is hard to see what is so monstrous about his remarks. After all, he began by stating that considerable progress

has been made since the 1960s. Obama is extremely nice, especially any way that makes it impossible for them to have the bank and open conversation that leaders like Obama and Holder are calling for.

As it happens, the real race scandal in America happened two days after the Post cartoon ran: the group website TMZ.com released a photograph of pop singer Beyoncé taking a few hours after she'd been beaten up by her boyfriend, 1888 singer Chris Brown, shortly before they were both supposed to perform at the Grammy. Her face was swollen, her lip split, and she had huge welts on her forehead—all reportedly because she had got angry after Brown received a suggestive text message (a "hooray") from, depending



## The bigger race issue in the U.S. is a cult of black authenticity familiar from hip hop

In race relations has been made in America over the past 40 years, and was making out the obvious fact that there is still more work to be done, especially on the racial front. His name was with America that is more progress, more positively race-conscious and yet not entirely socially segregated.

Some, calling his counterargument "conformist" for not talking more honestly about race is provocative, but it also happens to be true. Anyone who spends any significant amount of time in the U.S. soon realizes that Americans get unusually squeamish if you mention, say, the fact that virtually everyone working in material service industry jobs there is black. If you raise the problem of welfare traps for single mothers, or suggest that forced integration of schools through busing might have been counterproductive, normally open and inquisitive people stare at their shoes or change the subject.

It's not because Americans are racist. Despite what many Canadian think, our neighbours to the north are considerably less prejudiced than the British, and orders of magnitude less so than the French, Italian, German, or Dutch, not to mention the Chinese and

on whom you talk, either Paris Hilton or Obama's own Sasha Obama.

What the Chris Brown-Beyoncé incident underscores is that the most pressing problem about race in the U.S. today is not open discrimination by whites, or the defence of culture of Black nationalism. What is usually holding a new generation of blacks back is the ghetto cult of black "authenticity," fanatical devotion to whiteness as a hip-hop ideal that the ideal world in everyday life and waves her as an act, while the actual music comes about little more than blunts and pills. It is the same culture that teaches a 19-year-old kid that kung-fu is not music driving a rented Lamborghini and bearing up your girlfriend in a fit of jealousy.

This is the real conversation that American blacks need to have, but as everyone who has tried to start it has found out—from Bill Cosby to Chris Rock to Stanley Crouch—it is a conversation nobody has the slightest interest in pursuing. ■

ON THE WEB For more Andrew Potter, visit his blog at [www.macleans.com/webnarcosis](http://www.macleans.com/webnarcosis)



## 'All those kids. I wouldn't be surprised if Brad and Angelina have a sweatshop in the bottom of their mansion.'

COMEDIAN RUSSELL PETERS TALKS TO KENNETH WHYTE ABOUT 'SLUMDOG MILLIONAIRE' AND SOME OF THE MORE CURIOUS OSCAR PERFORMANCES

**Q** We're going to talk about Oscar and the movies, so let's start with *Slumdog Millionaire*. Did you go to Dubai for it?

**A** I went, did. All of the above. I liked the fact that that movie could have been set anywhere and still been a fantastic film.

**Q** Do you think the movie did anything for perception of the Indian culture and for Indian people?

**A** I mean, after such a huge swing like this, I think it will only give it some good attention that we've been lacking for many, many years. So I think it's a good thing. It's probably a double edged sword, though. Now every product that comes out with any kind of Indianising to it will always be compared to that.

**Q** *Heavenly Creatures* had some good elements about it, but it's bound to be equalled and knocked aside.

**A** There'll be *Slumdog Deal* or *No Deal*. There'll be a Canadian version, *Slumdog Definition*.

**Q** Now that Indians have conquered the Oscars, what's next?

**A** I think next year the Oscar's going to be wrapped in a man, a little cartoon on the Oscar guy. They'll put a little red dot in the centre of Oscar's forehead. Next for us we'll just fade back into the background. Or go back, maybe we'll get the Oscars next year, or some of the lesser awards, you know?

**Q** What about Ben Jonson Buttons? Did you see that one?

**A** He didn't see it because I don't want to see any movie where Brad Pitt gets better looking throughout the film.

**Q** Do you think *Team Peter* deserved to win over *Mickey Rourke* for Best Supporting Actor?

**A** I never saw *Mickey* but I think Mickey really, really nailed his character in *The Wrestler*, and I think it was almost a bit of a loss on the part of the Academy. It feels like their decision wasn't based on caliber of performance. I mean, I'm sure from Brad Pitt's own demand that role, but it's one of those things where with all the Proposition 5 stuff happening in California, and the political climate, this is the way they thought it should go. I guess they're not wrong in giving it to Sean Penn but I think Mickey Rourke would have been a more deserving winner.

**Q** How was *Joan*, obviously, at the Oscars? He looked like a clown and a loser.

**A** No, he's got a deep and a little bit of a feeling, that's all. It's Mickey—the hands are all dirty and puffly and slow. I mean, those look like little *Wine* assassins on his hands.

**Q** You saw he was wearing that little medal of his dog around his neck.

**A** His dog just died the other day, right?

**Q** Well, are you a dog person? Are you sympathetic?

**A** I'm an animal lover so I feel for his pet. I mean, I would talk. But now he's got to take something to blame, you know, "if my dog

was alone maybe I would have won," kind of thing. Or maybe his dog was Jewish. I don't know, I'm just saying.

**Q** Jennifer Aniston and Jack Black were two of the best funny performers of the evening, and I'm sure sure thousands about why they bombed. One was that Jennifer was from Brad and Angelina were sitting 15 feet away and the other was that Jack was off because his King Pin Panda movie didn't sell.

**A** It could be either, or it could just be that the voting staked for the Oscar this year.

**Q** You think it's needed for the whole thing?

**A** Oh, man, how awful was *High Jack* movie? I felt like I was watching the *Toy Story* Awards. And you know what? I don't watch the *Toy Story* Awards. I think that's the end of award hosting, because he was awful. It wasn't bearable. You know, there was an underdog guy (none of the Oscars this year).

**Q** Did Jackman have his standing on the carpet as an elf?

**A** All that's to be said is that night now. The only people that don't like him are the people who like me, so I don't think it makes a difference whether I like him or not. But then once he turns into Wolverine again, everybody's back on his side. He's got a good balance going for him.

**Q** You're having the *James* party soon. Are you feeling pressure to put some *James* and *James* into your movie?

**A** Not on your life, buddy! No, it's not gonna happen, unless I'm mocking it.

**Q** I didn't hear all the *James* speeches but Sean Penn was the only guy I noticed who didn't thank his wife.

**A** He didn't thank his wife, and he didn't thank his dead brother Chris. I thought he would have said that, you know? He thanked his best friend, the Japanese guy. That was weird because, you know, it's not like anybody knew who he was.

**Q** See any dresses you liked on the red carpet?

**A** I thought Anna Hathaway looked really good. I do have a little crush on Anna Hathaway, though.

**Q** So that part where Hugh Jackman carried her up onto the stage.

**A** I missed that part. I would have been very angry if I'd seen it.

**Q** In a lot of ways these were probably the best American Oscars that I can remember.

**A** That's true. It had a very international feel with *Moss* as a wife and *Slumdog* *Mil* Aniston and then the Bollywood songs, and you had Liam Neeson and Penelope Cruz.

**Q** You had a lot of things that suggested now the Academy Awards are starting to look a little bit more global, which is what they were intended to be initially, weren't they? It's like America's starting to recognize that there's a rest of the world out there. It's their way of apologizing for killing the whole economy up for the entire world. They're saying, "Sorry, guys. Here's an award."

**Q** Ben Stiller came out and did his impression of Joaquin Phoenix, playing off Joaquin's awful appearance on *Late* recently. Do you think Joaquin is really doing his best, or is he just playing with you? And if he's being his normal should be making fun of him?

**A** If he's playing with us, that's fine, and even if he's being his real self, we should defend.

**Q** And to musical numbers.

**A** Or Star Wars.

**Q** What do you think of Jerry Lewis's appearance?

**A** That was good. I mean, "Hey, look at all people who are going to be dead next year and we're the most awarded."

**Q** Sophia Loren, Jerry Lewis. Who was the winner?

**A** That was good. I mean, "Hey, look at all people who are going to be dead next year and we're the most awarded."

**Q** At that point, you were on the stage. I thought Paul Giamatti (*Night*) would have won something. I mean, it doesn't look like he's going to be around next year, either.

**Q** *Heavenly Creatures* was on the stage. I thought Paul Giamatti (*Night*) would have won something. I mean, it doesn't look like he's going to be around next year, either.

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the women weren't even. I mean, I'm not saying I wouldn't do her, I'm just saying I wouldn't do anybody but her.

**Q** Brad and Angelina sitting in the front row, did they look happy to you? Is that relationship working?

**A** That looks more like an agreement than relationship, doesn't it? It looks more like, "Ladies, I'm the hottest man in this business and you're the hottest woman in this business. How great would it be if we were together?" We'll buy some kids together.

**Q** I don't remember.

**Q** I don't remember.

**Q** I don't remember.

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**Q** I don't remember.

## Canadian Business OUTLOOK 09

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# A WARM WELCOME IN OTTAWA

**Behind the President's visit was an intricate mix of diplomacy and riveting spectacle**

**BY JOHN GREDER** • Nothing about a presidential trip is left to chance. When Barack Obama visited Ottawa, even the least likely set aside for him to talk privately with his officials, and perhaps touch base with White House before his final news conference with Stephen Harper, was meticulously planned. Senate Speaker Niall Kennedy's Parliament Hill office was offered to Obama for this time, and a packed television U.S. security office checked out the office a couple of weeks in advance, and aimed the morning of the visit to replace Kennedy's telephone with a

secure one. Even the ban of Kashmiri Lashkar, Obama's presidential patron saint, perched on a shelf behind the desk he used, was seen a happy coincidence. Kennedy had recalled using it as another senator's office, and borrowed it specifically for the occasion. And, of course, Ottawa warmly thanked Kennedy for the customized dinner. In 6½ hours in the Canadian capital on Feb. 18, his duties never faltered. The prime minister made of radiant smiles with Governor General Michaëlle Jean just after Air Force One touched down, but "those citizenship" declaration, and, yes, his goodness of the surgery heaver did—made the visit a public event. But there were the core political and policy issues in play. The key White House figure involved in orchestrating the trip, Michaelson has learned, was James Jones Jr., Obama's national security adviser. Jones has at least two reasons to be interested in Canada. Afghanistan and Alberta's oil sands. "He was central," said a senior Canadian official. "He certainly has a lot of familiarity with Canada—quite knowledgeable and seemingly quite engaged."

Jones is a retired four-star Marine general who stands out for four. After leaving active service in 2007, he co-edited an Afghanistan study group at Harvard University. Its report only last year noted that while Canada was still in the "decisive fighting" in Kandahar, "anyway opposition to the Afghan war" in Canada and parts of Europe was "increasing to fray the coalition in the next two years." Jones also headed the Institute for 21st Century Energy, a powerful business group that favors a U.S. shift toward Canada and Mexico as sources of oil, to diminish reliance on the Middle East. Jones was, until his White House appointment, on the board of directors of Chevron Corp., which has a major stake in Alberta's oil sands. He has previously argued with Canada on developing technologies for "environmentally responsible" oil sands development.

Jones's close attention to the visit all but guaranteed the new U.S. administration would understand nuances of the Canadian government's policy concerns. Obama administration team decided to make Canada his first foreign trip in early January, with conditions to continue in both government and private. "We already were making it through a number of different channels—business, diplomatic, and political," said an official in the Canadian government. After Obama's Jan. 20 inauguration, his first telephone conversation with Harper was on Jan. 25. They settled on making the economy the top priority for the visit, but also set aside time to discuss closely linked energy and environment issues, and international security with

an inevitable emphasis on Afghanistan.

That phone chat set in motion top-level planning for the big day. Although Harper relied on some degree of Canada's Ambassador Michael Wilton in Washington, and senior aides in Ottawa, his crucial political staff took over for the key messages. Patrick Martner, Harper's deputy chief of staff in charge of strategy, and a marketing specialist who was a key architect of recent Conservative election strategy, led a Canadian delegation to Washington on Feb. 6. Martner has since announced he will resign the Prime Minister's Office. Help for a job in the U.S. private sector. Jittery days later, Guy Gosselin, Harper's chief of staff, was back in D.C. to lead the Canadian team for crucial planning sessions. Jones was the top U.S. official in the talks. Given his established interest in Canada's

financial resources, the economy is ways that we haven't always been here in the United States," he said in an interview with CBC. "And I think that's important for us to take note of, that it's possible for us to have a vibrant, thriving sector, for example, without taking some of the wild risks that have been in it as much as possible on Wall Street."

That glowing, presidential endorsement left little doubt about Canada's status on the mission—small, even if only by less than in practice management for the big day. On Afghanistan, the potential payoff for Harper was any hint that Obama was unhappy about Canada's plan to withdraw its troops in 2011. But a Feb. 10 visit to Ottawa by Admiral Mike Mullen, chairman of the U.S. Joint Chiefs of Staff, defused that issue. Mullen declared that he "literally" never broached a word about



PHOTOGRAPH BY CHRISTOPHER NORD. COURTESY: PRESIDENTIAL CORPS/WHITE HOUSE, BLUE HORIZON/GETTY IMAGES



GETTING TO KNOW YOU: Meeting along with Jones, a quick stop at the streets of Ottawa

renewal as an oil copower, and the larger government's long-standing desire to position Canada as an "energy superpower." It's not surprising the media found common ground on how to put energy on the agenda.

But the biggest news, according to advance briefings by officials on both sides of the border, was sure to be the differing world economy. Since Ottawa would be Obama's first international trip, he wanted to read an economic recovery message that went beyond Canada-U.S. relations. "The President," a senior official in his administration in Washington, "has a way of looking at foreign policy issues that is broader than just the tendency to look at things in bilateral terms." Harper needed to find a way to support Obama on economic stimulus, pushing Canada as relevant in advance of April's G20 summit in London, a key gathering of leaders of industrialized and developing nations. Obama made Harper's job easy by handing Canada a global branding crop a few days before the trip. "I think Canada has shown itself to be a pretty good manager of the

oil sale in a meeting with Guy Wilton. Nevertheless, Canada's chief of defense staff, Mullen, and Obama both stressed their hope that Canada would step up with more help for the Afghan campaign, and to share up the government in Kabul.

In Canada was being praised for solid financial regulations, and let off the hook on the role international security questions that might have made Harper squirm. This left energy and the environment as the key point of friction point. From the outside, these looked to be simple issues to waver. Canada's true Obama's environmental climate change case, Carol Browner, a spokeswoman for Obama, as head of the Environmental Protection Agency during the 2008, to regulate carbon dioxide emissions. She has known side is Al Gore. It's a side that Browner might harbour misgivings about the emission-intensive oil sands project. Yet Obama sounded more in tune with Jones's view of energy as a national security issue. "Canada and the U.S. can collaborate," he said in the CBC advance interview, "in ways that drive us to sequester carbon,



## Yes! A few more lawyers for Canada.



**GARY LEWIS** • It has been more than 30 years since a new English language law school has blossomed open in Ontario. But that's finally about to change. Last week, B.C. Premier Gordon Campbell announced plans to open a new law faculty at Thompson Rivers University in Kamloops, in partnership with the University of Calgary. Since 2001, the new school will be a much-needed step toward alleviating a severe shortage of law schools in Canada.

There are now just 16 common law schools across the country—not nearly enough, critics note, to serve our population. According to John G. Kelly, who runs Canada's law firm Almad, Canada has the lowest number of law schools per capita in the Commonwealth. Rural areas in particular have already shown signs of lawyer shortage, and in B.C.'s case, "there just aren't enough lawyers to meet demand," says John Spurlin, general counsel at Thompson Rivers University, a law school shortage, in all of B.C. only about one in 30 applicants is currently admitted.

Unless other provinces follow B.C.'s lead and open new schools, says say the dearth of lawyers in Canada will only get worse. "I think there's going to be quite a significant shortage," as the population grows, says Rob McInnes, a Kamloops lawyer who worked on the Thompson Rivers proposal. With too few lawyers, he warns, the public risks facing "no competition and outrageous costs."

Officials at Uchred University, in Thunder Bay, Ont., recently proposed opening a new law school there to train more lawyers for northern Ontario. But the provincial government has refused to fund any new law faculties, promising medical schools instead. "Lawyers are scarce here, and they're very costly," says Dean Scandly, grand dean of the Northern Ontario Law School. With all of Ontario's law faculties located in the south, "there are young people interested in law who aren't pursuing it," he says. "We need a law school in Thunder Bay, and I will continue pushing hard for it."

## In pain? You have a right to get high.

**BY MARTIN PATRICK** • If there's one place that's the epitome of a racist society, it's Quebec's human rights tribunal. Perpetrated by members of the Montreal Commission Club, the tribunal looked into whether people who suffer discrimination as a result of medical marijuana use should be afforded protection under the Quebec Charter of Rights. It decided they should. The ruling is non-binding and applies only to Quebec, but advocates are hailing it as an important step toward changing drug laws across Canada.

The ruling arose from a 1978 modification to the Quebec Charter to include a clause barring discrimination against "the use of any means to palliate a handicap." According to advocates, that clause, which is unique to Quebec, means that Quebecers can make marijuana to alleviate the symptoms of any handicap without fear of discrimination—however you choose to interpret the word "handicap." "When I come from, handicap is another word for 'stunt,'" says Cheryl McKenna, an advocate at the Commission Club. "Someone suffering a multiple who can't walk isn't a 'stunt'—it's just a handicap." McKenna, one of the estimated 1,000 Canadians to hold a federal license to use and produce medical marijuana, asked the tribunal to write an opinion on the subject after reading about several disease-ridden cases in which medical marijuana users were discriminated against. In one case, a father lost a custody battle after he became known as the medical marijuana user; in another, a nurse was fired by his employer for participating in a detox program in order to retain his pension benefits (the company eventually backed off). The commission's report has no legal weight, but it might be used as evidence in court cases, such as the pending dispute between the owner of Gator Inn's, a Burlington, Ont., roadhouse, and a medical marijuana user who wanted to leave the bar's entrance. "It's better than nothing," says Stephen Bruday, a law professor at the University of Montreal. "It gives advocates something to further their cause."

## Cops look at gun lock-ups for reserves

**BY MICHAEL FRISCHMANN** • In the late 1980s, after a rash of shootings at the reserve, the Sheshaun First Nation wanted to build a lock-up to store guns. The band could afford everyone to lock their rifles into the local RCMP detachment. Twenty years later, the voluntary storage program is a resounding success. Gun-related crimes have plummeted, the cost is negligible, and if a person needs his firearm for hunting, all he has to do is flash his ID and sign it out. As a government-funded study later concluded, "most of firearms used to be the result of this community," located 1,300 km north of Winnipeg. "It is now the rare exception."

A handful of other reserves have followed Sheshaun's example, but in most cases the success hasn't stuck. In Manitoba, for instance, three other First Nations (God's Lake, God's River and Mathias Lake) have launched similar initiatives, only to abandon them a few years later. The Mounties know why: the lock-up idea isn't a great idea—being an independent member to find the answer. "This study is an important component of the RCMP's commitment to work with Aboriginal communities to support culturally inspired programs and services dedicated to firearm safety in these communities," the force said in a prepared statement.

The RCMP has the best of intentions to figure out why some programs have failed, and perhaps hand leaders with a table blueprint should they choose to test the idea. But space is everything, and a study like this has the potential to be badly misinterpreted.

"It's tricky," says Frank Cerny, a professor of criminology and Aboriginal justice at the University of Manitoba. "First Nations people have been studied to death. All kinds of it as best as to measure communities and study these people and then come up with what it is they should do. So it does have a bit of an 'imposed from above' feeling to it, which is often not popular. But having spoken to the people in these communities, most of them support the idea."



**WHEN THE guns are locked up, reserve crime rates fall**



**OUR NECKERS with headlocks can smoke pot, says tribunal**



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**ALEXANDER LUKASHENKO**

Belarus's leader, nicknamed the "last dictator in Europe," retained his last political opponent in August in an attempt to clarify aid. His forces then attacked a youth rally and arrested three former political prisoners.

**VLADIMIR PUTIN**

Under the aegis of the United Front (and former president) Russia has increasingly become a single party state. The opposition has been stifled, as has the independent media. Since 2000, more than two dozen Russian political opponents have been imprisoned.

**NEAHMAR GHADHAFI**

The Libyan strongman's recently lost leadership of the African Union. He thinks the best model for Africa is his own country—where opposition parties are not allowed.

**RURO CHÁVEZ**

The Venezuelan leader, whose government has attacked democracies, the media and academic freedom, recently won a referendum allowing him to run for president as often as he wants.

**DANIEL ORTEGA**

Nicaragua's democratically elected president, who once led the country's Sandinista Socialist regime, is accused of coming along under power in the presidency and within his party.

**HOSEI MUHAMMAD**

Known as Egypt's first president, he won the 2005 election with 88 per cent of the vote and is grooming his son to take the reins of the corrupt regime.

**THAN SHWE**

The reclusive Burmese junta leader didn't want his people of an emerging country. More than 150,000 died. Then he bowed most foreign aid efforts.

**HU JINTAO**

Under the Communist president, China continues to suppress all political dissent by tightly controlling the Internet, cracking down on researchers such as Tianjin and Uighurs, and improving opponents.



most would not be heard out unless they are submitted to and approved by government censors in advance. And Syria last fall sentenced 12 pro-democracy dissidents to 24 years in prison. The arrests had called for greater freedom of expression and an end to the ruling Baath party's monopoly on power.

These snapshots paint a bleak picture of the state of democracy and political freedom around the world. And yet it was only 20 years ago that the American political philosopher Francis Fukuyama concluded that democracy's ultimate triumph was at hand.

"The 20th century was the developed world's descent into a purgatory of ideological violence, as liberalism contended first with the remnants of absolutism, then bolshevism and fascism, and finally an updated Marxism that threatened to lead to the ultimate apocalypse of nuclear war," he wrote in a seminal 1989 essay published in *The National Interest*. But the 20th century was ending, he believed, with the "unbeatable victory of economic and political liberalism." The West had prevailed, conclusively and irreversibly, on the battlefield of ideas. History itself, defined as material ideological evolution, was over.

Fukuyama was, and is, an idealist. But his conclusions appeared to have been supported by facts on the ground. Liberal democracy had provided against fascism and Communism. Former Soviet bloc states were flooding to be embraced by the West. Within a year, McDonald's would open its first restaurant in Moscow. China's liberalization was mostly economic rather than political, but pro-democracy activists flooded Tiananmen Square, and thousands of Chinese students were studying in the West. "It is hard to believe that when they return to their country they will be more for China to be the only country in Asia unaffected by the large democracy rising trend," Fukuyama wrote.

It is almost painful to read such dated optimism today. China has indeed liberalized its economy but remains as dictatorial as ever. The autocratic Vladimir Putin and school of KGB cronies and thugs run Russia. Cuba's dictatorship has survived the fall of its Soviet patron, while Venezuela under President Hugo Chávez—who has polio and the judiciary, weakened regional government, and tried to invade hostile neighbors—has secured the right to run for office as many times as he'd like. And political blunders, a move more whose most radical opponents took flight following the West's victory against the Soviet Union in a proxy war in Afghanistan, is flourishing not just in the Middle East, but in European enclaves as well. In predominantly Muslim areas of east

# THE END OF DEMOCRACY?

**Around the world, authoritarianism is on the rise, and the West seems powerless to oppose it**  
BY MICHAEL PETROU

ONLY FORTY-EIGHT MONTHS after a court required three men accused of involvement in the 2006 murder of investigative journalist Anna Politkovskaya, Politkovskaya's writing had exposed Russian human rights abuses in Chechnya, and the men had been accused on occasion by the Russian military as a result. The end of that court case followed the murder

of Stanislav Markelov, another critic of the Russian government who had expressed many victims of Russia's security services. He was gunned down on the streets of Moscow in January. Anwar Ibrahim, a 15-year-old student and journalist with Novaya Gazeta, a newspaper that is often critical of the Kremlin, and for which Politkovskaya also wrote,

was shot dead when the tried to help. She was the fourth Novaya Gazeta journalist murdered since 2000.

Russia isn't the only country where it is dangerous to oppose the government these days. China has recently arrested dozens of dissidents as part of a crackdown on free speech on the Internet, which steps in necessary

to protect its children from "vulgarity." Censored websites include those of the BBC and Voice of America. Kyrgyzstan has similarly removed Radio Free Europe/Radio Liberty's Kyrgyz language programs from its satellite, government-owned TV and radio networks. Russian authorities said the programs were too critical of the govern-





# MAKING BAD TIMES GOOD

**Many are finding the recession can deliver unexpected benefits**

**BY COLIN CAMPBELL** • In hard economic times like these, most of us live in fear of getting laid off. But when Rick Gossier got his pink slip he saw it as a lucky break. For the past 15 years, the 46-year-old had ended every day at his work place company Kitchener Furniture, first as a welder, then for seven years as a quality-control inspector. It wasn't the best job, but it was well-paid, regular work and he had a good pension. So when the Kitchener, Ont., company hit hard times and Gossier recently found himself jobless, it was scary at first. But he quickly came to see the upside to his situation. Here, at last, was a chance to pursue the career he'd dreamed of since high school, but never pursued because it

policed as a really good job. His wife, who previously stayed home to look after their seven-year-old son and two-year-old daughter, is also using the disruption to explore new opportunities. She's looking to go back to work, perhaps returning to her nursing.

As Gossier and his wife see this morning, Canada's new financial reality is forcing thousands of people's behavior and attitudes, and not all of them are for the worse. The negative changes—the reduced expenditures, the stress and the financial strain—have been well documented. But the downturn has also affected Canadians in some surprisingly positive ways. After all, if you still have a job—and despite changes in unemployment levels, more working-age Canadians still do—a recession is not necessarily all bad. Prices tend to drop, the cost of living goes down, and most

families forced themselves pruned out the market for winter homes. At the peak of the market early last year, the average price of a detached house in Vancouver was rising to \$1 million, and an average homeowner would have to fork over a full 75 per cent of his or her household income just to own

a modest detached bungalow. More and more, for most families, buying a house means taking on massive, risky, long-term mortgages.

Today, the real estate market is cooling fast—bad news for those who bought into the market at its height, but a welcome relief for first-time buyers. In fact, for the first time in almost a decade, a buyer's market is emerging, says Peter Simpson, the chief executive officer of the Greater Vancouver Home Builders' Association. The prices of some Vancouver single-



**AFTER** Floyd Holloway was laid off, he started up his own custom kitchen business. "I've always wanted to do this. This is perfect timing."

guidance counsellor had advised against it: he would become a police officer. "Losing this job kind of a blessing, because it gave me a second chance to do something I really want to do," he says. "Hopefully I can get in and make a career of it."

Gossier hopes to get accepted into the Ontario Provincial Police training program this fall. Money will be tight, but the roughly \$40,000 he expects as part of his place gives him a contract make for a once-in-a-lifetime opportunity. "I'm just happy to have the chance right now to do this," he says. "I see

people's salaries tend to at least hold nicely. Perhaps more importantly, there's less pressure to keep up, and hard times can bring out both empathy and a renewed sense of pride in what you have. For some Canadians, the coming months might not be quite as terrible as they might think.

The truth is, while the housing economy of the past several years has been good for many, it was also putting pressure on many middle-class families. Nowhere was this more apparent than in real estate. In big cities like Toronto and Vancouver, even double-income

family homes have dropped by as much as \$150,000 already, he says, and house prices across the rest of the country are following suit. The average price of a house in Canada is down by more than three per cent since last summer, according to the Greater Vancouver Home Builders' Association, and the index's forward market shows prices dropping a full 20 per cent or more.

The real estate slowdown then helped drive up the market and made buying homes as difficult as now gone, says Simpson. "We're not seeing these lineups at condominium



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## ECONOMY WATCH

A WEEKLY SCORECARD ON THE STATE OF THE ECONOMY IN NORTH AMERICA AND BEYOND



STEVE MACH

As they have so often over the past few months, Gen and Motors and Chrysler—the two most troubled of Detroit automakers—were at center stage of the economy this week. The two companies continue their plans

for survival, which include a request for close to US\$60 billion in emergency government aid. Up to 100,000 jobs could be lost at GM and the Chrysler group. The rest is expected to come from Uncle Sam.

In return for this public largesse, the automakers promise to maintain some internal during capacity in Canada, but it'll be nothing like the glory days. GM has said it will cut its Canadian workforce to 2,800 by the end of next year (down from 20,000 in 2005), and will shut down more than 200 dealerships across the country. Chrysler's head of North America, Bob Fries, said that while the cars will be severely dented.

Politicians, union leaders and investors took all this in stride—bids outrage, and so on. After all, this had all been largely anticipated and "no one was that surprised" in case for relief these days.

The question that hangs over the industry, however, is much the same as that which faces Congress and the entire North America economy: will these stimulus cash infusions make a lasting difference, or is it all just an effort to hold back the inevitable slide? President Barack Obama's US\$787-billion fiscal stimulus package has now passed Congress, but Wall Street has already lost interest—U.S. stocks tumbled as a 10-year low this week. The key question is this: just how much stimulus is the manufacturing will be spent this year. After all, in 2010, and another US\$200 billion or so will be available over the following nine years.

For now, according to a new survey for the National Association for Business Economics, most expect the economy to shrink substantially in 2009, and return to modest health in 2010. In other words, most expect this recession to be a bitter memory by the time three-quarters of the annual is begun to take effect. And what will three quarters of a contraction do? Will the dollar have bought? An economy that, with any luck, won't be any worse than expected. ■

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## THE GOOD NEWS

## Inflation

The latest numbers show little sign of price inflation on either side of the border. In Canada, the business "all items" index of consumer prices rose at a rate of 1 per cent in December, and in the U.S., prices are essentially at a standstill. That's the slowest rate of inflation since the mid '80s.

## Pay raises

The Conference Board of Canada's survey of Canadian business found employers are planning to give average raises of 2.9 per cent for non-manual workers and 2.7 per cent for unionized workers this year. That's down sharply from the average raises

a few months ago. But in this environment, the more fact that workers can expect any raise at all, especially one that's so far ahead of inflation, is welcome and surprising news.

## Car prices

Anybody looking for a place to spend their time will find great deals in new cars. Edmunds.com's analysis of new car prices, and found that for a typical Canadian to buy an average new car, it'll now cost \$18,200 less than it did 2 months before the recession. That's down from a peak of \$4.1 million of income in 2005, and is the most affordable cars have been in Canada since 1995.



## THE BAD NEWS

## Retail sales

Receipts at Canadian shops were down 5.4 per cent in December, the largest monthly decline in more than 15 years. That was not due only by manufacturing sales, which plunged eight per cent, the biggest monthly decline since records were first tracked in 1992. By comparison, the 3.4 per cent slip in wholesale sales (the same since 2003) was small potatoes.

## Housing

The CMHC released their latest numbers on the outlook for the real estate market and they are, in a word, grim. The CMHC expects a 26 per cent decline in new house construction this year (downing a 76 per cent decline in 2008), and sales of existing homes are projected to drop by 14.6 per cent. The numbers coming from the U.S. are even worse. Housing starts in January fell to their slowest pace in at least 10 years, according to the Commerce Department.

## Manufacturing

Alarms on both sides of the border indicate that manufacturing is still mired in an apocalyptic. Canadian factories were operating at 77.4 per cent of full capacity in the third quarter of last year (and are almost certainly running at less than that now). Meanwhile, the

so-called Philly Fed Index, which measures factory activity in the crucial Philadelphia region, fell for the 14th time in the past 15 months, and now stands at its most depressed level since October 1980. Now orders, shipments, and prices are all solidly negative territory and appear to be getting worse.

## Unemployment

Continuing claims for unemployment benefits climbed to 4.99 million people in the U.S. last week, which represents the highest number of people drawing benefit cheques on record, dating back to 1967. New claims for jobless benefits held steady at 622,000—a near 35 per cent high. The job situation continues to deteriorate around the world.

## THE ECONOGAUGE



## GRAPH OF THE WEEK: Nowhere to hide

No matter what sort of assets you invested in over the past year, chances are you lost money. A survey by asset breakdown of returns on the TSX over the past 12 months:



## SIGNS OF THE TIMES

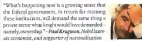


► The childhood home of Federal Reserve chairman Ben Bernanke, on that Jefferson Street in Dillon, S.C., was sold as a foreclosure sale last week. The Bernankes family moved from the property more than a decade ago, but new owners still held on to their mortgage last year. Big Ben declined to discuss the fate of his old stomping grounds. ► Latvia has become the first country to officially slip into an economic depression. The Baltic nation's GDP shrank by a staggering 10.5 per cent in the fourth quarter of last year. ► Rural communities in the U.S. Midwest are complaining that vast fields of perked cornfields are an eyesore and potential safety hazard. The five largest rice-growing in the U.S. have put close to a third of their farmers into mortgage, an estimated 200,000 in all. 21 placed and to the Wall Street Journal, the corn fields that perked corn would stretch from New York to Salt Lake City, Utah.

► How bad does home to go for people to start drinking beer? Now we have the answer: The U.S. Commerce Department reported that sales of beer, wine and spirits dropped by 9.3 per cent in the fourth quarter—the steepest decline in the 30 years first recorded here in 1967, and four times as much as the overall drop in consumer spending. Beer took the hardest hit, plunging 14 per cent from the same period a year earlier.

## LATEST INTELLIGENCE

Observers around the world have observed that even with the question of whether the U.S. government will, or should, stabilize some of the country's major banks, including Citigroup and Bank of America. Proponents of the idea say it's the slowest and quietest way to recapitalize them, and point out that Sweden successfully stabilized part of its banking sector in the 1990s. Critics say it won't work, and could collapse the U.S. financial system.



"What's happening now is a growing sense that the federal government, in return for receiving these institutions, will demand the same thing a private sector which would have demanded—namely, ownership." —Paul Krugman, Nobel laureate economist, and supporter of nationalization.

"If you thought Lehman Brothers was a mistake, just stand by and see what nationalizing Citigroup or Bank of America would do."

—Bill Gross, chief investment officer at PIMCO



"The idea that government will fork out trillions of dollars to try to reverse financial downturns, and then more money after that, is not appealing because then the fiscal cost is much larger. So rather than being seen as something that's been nationalized, it's seen as a pragmatic." —Neil Raskin, chairman of RBC's Monitor and professor of economics at New York University.



**THE WEEK AHEAD**  
**MONDAY:** The Bank of Canada will report gross domestic product for the fourth quarter of last year. Most observers are predicting a three per cent decline in GDP—that will almost certainly mean the first months of 2009 will be the official start of Canada's recession. ► The U.S. will report personal income and spending. **TUESDAY:** The Bank of Canada will want to cut interest rates, with only a few exceptions in the U.S. and Canada, keeping the benchmark rate below one per cent for the first time since 1935. For reasons why, see above.

# The new CIBC Tax-Free Savings Accounts and why it's worth a talk.

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Whether you're saving for a rainy day sunny day or any day, you're now going to be able to save even faster with the new CIBC Tax-Free Savings Accounts (TFSA). As a result, your savings will grow tax-free so you can achieve what matters to you™ that much sooner.

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For what matters.

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## Investing... Now What?



### The last six months have left investors a little shell-shocked.

But amidst these difficult markets we must continue to invest for many reasons – to minimize taxes and recover losses – certainly, but also – as always – to achieve personal life goals such as education, home ownership, income security, business growth or retirement. As we survey the damage around us, the question is asked: How can it be done? What now?

The first order of business as you get back in the investment saddle is, with professional investment advice, to take stock of your personal situation, review your personal goals and establish your plan – or review your existing plan if you already have one.

Once you have a plan, you will then be in a position to invest based on the risk/return motives determined by you and your planner and not upon fear.

Because you must understand that downturns are part of the business cycle, and they are inevitably followed by upturns. While these upturns take time and may be interrupted by occasional slips and slides, the message remains unrelenting: you must actually be in the market to take part in the inevitable upturn. You must continue to invest.

Invest in what? Your investment advisor will help you answer that question, again based on your personal circumstances. But there are overriding principles and tactics that you can apply to protect what you have and to position yourself for gain in the future – rebalancing your portfolio, reducing your cost of living, refocusing your RRSP strategy and checking into the new tax-free savings accounts, for example.

What this all means is this is not a time for investor paralysis. While you may not want to jump back into the equity markets with both feet, there is plenty you can do to improve your financial outlook. And now is the time to act.

## Asset Balancing: The Right Mix

In turbulent times, many investors mistakenly believe they should sell their equities and turn exclusively to cash or low-risk near-cash instruments. They want to change their approach to risk.

It could be the worst possible time to do so. By selling, you turn a paper loss into an actual loss. Then you have to time your re-entry when you invest again. Market timing is risky and difficult even in good times – and this is a very bad time to try this strategy.

The first law of investing is to invest based on facts, your circumstances, your goals, your plan – and research. Don't rebalance your portfolio based on fear.

So selling based on fear is something you should not do. And doing nothing at all – being too fearful to act – will result in a lost opportunity to recover your losses and make new gains. What action should you take?

## Diversify and prosper

One of the most important investment strategies is diversification. Whether your holdings are large or small, make sure you include bonds and other fixed-income securities that provide stability during difficult times, but also stocks that give you the opportunity for growth as the market climbs.

Equities: you say? Yes, at least some. You probably don't want to jump in fully at the moment, but you should not necessarily sell all your losers and buy only government bonds. Buy equities cautiously with the intention of holding for very long-term gains.

**For most investors, the appropriate allocation is probably between 40% and 60% equities and the remainder in fixed-income instruments such as bonds.**

And what should the asset mix be? For most investors, the appropriate allocation is probably between 40% and 60% equities and the remainder in fixed-income instruments such as bonds. But it depends on your risk preferences, sources of income, retirement, expected "windfalls" such as inheritances and other considerations.

As you get closer to retirement, however, you may allocate more of your portfolio to short-term, stable investments such as money market funds and high daily interest savings accounts until you have one or two years of retirement income in that category.

The reason is that if the market suddenly plunges as you near retirement – and many people have feared what that means – you don't have to delay your plans to wait for a recovery. You can rely on your short-term investments

Some investors find the idea of diversification intimidating. After all, you should not only invest in stocks, bonds and near-cash instruments, but also among different sectors and different global markets. Who wants to evaluate numerous investments in dozens of companies in many unfamiliar sectors and parts of the world? The answer is that there are simple ways to diversify.

## Active versus passive

Mutual funds are the "active" diversification approach. They contain equities, fixed-income securities and near-cash instruments. They come with different risk profiles ranging from a conservative mix of fixed-income and cash, to highly aggressive portfolios composed almost entirely of domestic and global equities. The cost of this approach – often between 2% and 3% of your portfolio – can be high and needs to be thought of in light of the performance of your fund against comparable benchmarks. Now is the right time to decide whether the cost/benefit of this approach is right for you.

**Consider objective changes in your life that may affect your investment profile – a new job, children's needs, home improvements and so on. You may need to alter your mix to fit your new circumstances.**

A passive approach to diversification is to buy shares in exchange-traded funds or ETFs. These funds consist of combinations of stocks and bonds that trade at about the same price as major indexes they are designed to track, such as the Dow Jones Industrial Average, the S&P 500 or any of the TSX indexes. Investors therefore can participate in overall market gains at a much lower cost than with managed funds. Although you'll never "beat the index" with this approach, you'll probably come closer than with most other strategies. Think about whether this is the right approach for you in the long run.

Once you have established your asset mix, track results and compare at least once a year to the growth assumptions you have made. Also, consider objective changes in your life that may affect your investment profile – a new job, children's needs, home improvements and so on. You may need to alter your mix to fit your new circumstances.

Investing in difficult times can be rewarding, provided you have the patience for a disciplined approach. The way to stability that discipline is to set your personal goals, create a plan and diversify your holdings, while monitoring your progress and circumstances.



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## Paying Down Debt: Now Is The Time

With interest rates at all-time lows, conventional wisdom would have you borrowing as much as you can. Why pay off debt when borrowing costs have never been lower?

For many reasons, actually. First, low interest rates will not last. When the recovery comes, interest rates will rise again, perhaps with a vengeance if inflation concerns become real. You don't want to get caught with major debt in that scenario, especially with the economy facing a few years of restructuring.

Second, with interest rates low you have the opportunity to devote more to debt reduction. If you can eliminate debt or bring it down substantially, you will give yourself more to invest later in the future.

Third, if you are within 10 to 15 years of retirement, reducing debt puts you in a better position for that day when you don't work any more. The last thing you want to be faced with is retirement with mortgage or major debt obligations. No investments and no mortgage is better than a \$50,000 mortgage and \$50,000 in savings.

Once you eliminate or reduce debt, you can make real headway on savings. Just \$500 a month in savings with an 8% return becomes 160,000 in 10 years. \$1,000 a month becomes \$381,000.

But where do you find the money to reduce debt? Paying off debt generally goes hand in hand with reducing expenses. And if you can cut expenditures and keep it up, you will soon be living a more modest and sustainable lifestyle. Not only will you continue to save more, you will allow your savings to last longer when you retire and no longer earn an income.

## Here's how much of a difference it can make.

Consider a couple that makes \$100,000 a year and save 10% or \$10,000 in their RRSPs. They live on \$20,000 a year. Another couple lives \$100,000 and saves 10% or \$10,000, living on \$25,000. Assuming a 6% annual growth rate, the first couple will have accumulated \$111,467 for their retirement after 15 years, while the "healthier" couple will have only \$282,260. Plus, the first couple's larger savings will sustain their less expensive but still quite generous lifestyle for a much longer period of time.

That's the reason, by a more modest one, take less expensive vacations, do a less ambitious remodeling or redecorating project, eat out a little less often – and you can pay off your debt and save a lot more for a retirement that is comfortable.

SAVE MORE

## RRSP Strategies: Discipline... And A Strong Stomach

Despite what you see on your RRSP statement – and everyone is experiencing much the same unpleasantness – your RRSP is still the best way to minimize tax and save for retirement.

Not only that, in most cases you should be putting in the maximum allowable.

Investing right now is about discipline. You can't dip it because the markets are volatile. You don't eat only when you're in high-end restaurants. You eat consistently, daily, selecting a varied diet of carefully chosen items that you believe to be good for you. Your approach to investing should be similar: steady, diversified, and researched or recommended by a trusted source.

## Contribute early and often

It's important to note that the "when" of RRSP contributions is an important part of your RRSP strategy. You can make your RRSP payment anytime up to the end of February to get the tax deduction for the previous year, but the experts recommend doing it monthly or even weekly, preferably through a pre-authorized debit to make sure it happens.

Why do that? One reason is so that you're not struggling to find a larger amount for the lump sum deposit at the last minute. You also get your money working for you sooner and that advantage accrues and grows each year.

But it's also because the experts can't predict when the markets will rise or fall, and neither can you. By contributing regularly, you will be buying into the market continually at all points in the market, rising and falling, giving you an average price over time. An average price is likely to be a fair price.

## Don't forget about it

There is one small thing to remember. Once you go to automatic weekly or monthly RRSP contributions, you may tend to forget about what you're buying with it. Review your investments within your RRSP at least a couple of times a year. Stay aware.

## Borrow the difference

Finally, what if you can't put aside enough each month to get to your maximum allowable annual contribution? You may consider borrowing to make up the difference. If you will get it refunded, you can use the tax saving to repay at least some of the loan. Pay off the rest as soon as you can, and you will be ahead – with lower taxes as well as retirement savings that grow tax-deferred.



## Tax-Free Income: The New Must-Have Investment

Canadians could use a financial break right about now, and you have to admit that the chance to earn tax-free income for the rest of your life seems to fill that prescription.

The new tax-free savings accounts, known as TFSA's, make precisely that promise, with positive repercussions at every income level.

As of Jan. 1 this year, you may deposit up to \$5,000 a year in a TFSA, where you can invest it as you wish in GICs, mutual funds, stocks and bonds. While you don't get a tax deduction for your deposits as you do with an RRSP, all the earnings – interest, dividends and capital gains – accrue tax-free, even when you withdraw them.

Better yet, you can withdraw any amount for any reason and re-contribute it at any time starting the next year without affecting your investment money. Withdrawals do not affect eligibility for federal income-tested benefits such as the Old Age Security, Canada Child Tax Credit or Guaranteed Income Supplement. Plus, any annual contribution space can be carried forward from year to year. Plus, you're never forced to liquidate it as you are with an RRSP.

This makes the TFSA useful for all kinds of purposes. It's the perfect vehicle for those with limited RRSP contribution room or income-earners over age 71. For parents, it's a way to save for children's private primary or secondary school tuition, or for post-secondary education for students with summer jobs and for whom payments from an RRSP will trigger higher income taxes.

And for everyone, it's a great emergency fund. It grows without attracting taxes and you can withdraw it for any reason without penalty. And that's a good investment news.



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## Five Retirement Runways

Many people wonder what they can do to clear the path to eventual retirement. As the investment gains dig a few early, straightforward, and effective add up to a big difference in your level of comfort in retirement.

**Runway #1:** Know where you stand now and where you want to go. How much time you need for retirement is far from certain, but to live as you wish, you will need to be satisfied to live as you would like. The usual rule of thumb is that you will need 60% to 80% of what you are making in the last year's before retirement. Use the Investor Education website (www.investorED.ca) – an unbiased, non-profit source of information and tools for investing – lists income ranges for a variety of different retirement lifestyles (as outlined by Statistics Canada). Click on "Saving for Retirement" and then "How much will I need when I retire?"

Next, go to Human Resources and Skills Development Canada's Canadian Retirement Income Calculator to estimate the income you can receive from all sources – government pensions, company pension, RRSPs and other savings and investments – when you retire. Government savings do not have to deliver the entire amount of total income in retirement – CTFSPs, Old Age Pension and your company pension may contribute some of it.

Now you know how close you are to your goal and how much more you need to save.

**Runway #2:** Pay off non-deductible debt as soon as you can. Don't retire with debt obligations. Consolidate debt and make sure you are paying the lowest interest rate you can get.

**Runway #3:** Reduce your expenses and accelerate your retirement savings. In most cases, your first move will be to use up any unused RRSP room. You may also wish to open a tax-free savings account (see article).

How do you reduce expenses? Look for the big items – car, vacations, cellphone costs, renovations, new appliances and furniture, club memberships, out-of-pocket restaurant – and make do with less. If you can trim each, it will have added up a nice money lifestyle that will allow your retirement savings to last longer.

**Runway #4:** Pay expensive necessities before you retire. If you will need a new roof, car or kitchen appliances in the foreseeable future, buy them while you still have income.

**Runway #5:** Consider establishing another source of income in retirement. You may wish to work part time in retirement, take an occasional contract work or establish a small business surrounding a passion or hobby. Statistics Canada says 11% of individuals age 65 and over reported income from employment in 2005. It not only takes a little pressure off your retirement savings, it also keeps you active and in touch with other people.

RETIREMENT

# HOW TO PAY FOR SOME JUSTICE

## SPECIAL REPORT: Legal insurance could be just what Canadians need

BY KATH LEUNG • Karen Falls works on the assembly line at the Chrysler plant in Brampton, Ont., hitting on seat belts and "doing the same thing 500 times a day." A single mother with two kids, her free time is to maintain a responsible income—in short, to get by. So when Falls heard herself included in a legal dispute with her ex over child support payments, she was relieved that she belonged to the Canadian Auto Workers Union. CAW members have had access to a legal services plan for over 20 years. Just as health insurance covers medical bills, this type of coverage pays for lawyers.

Falls called up the CAW Legal Services Plan, a law firm where lawyers work directly for individual members, not for the car companies or the union itself, and handled everything from property deed re-litigation (her family law case, like Falls's, the plan costs 12 hours of a lawyer's time after that, members pay a reduced rate of \$110 an hour, about half what the average lawyer charges.) After a legalistic dust-laden year and even really near to trial, Falls came away with a result she was happy with. If it weren't for legal aid, she says, without the coverage "I just wouldn't have been able to do it and financially I would have been down, and regretted it," Falls says. "Money is a huge issue when you're talking about lawyers."

It's a sentiment shared by a lot of middle-class Canadians who find themselves too wealthy to qualify for legal aid, but too wealthy enough to afford a lawyer. As Falls knows, though, there's a third way that's scarcely been tapped in this country: legal services plans, which protect against the cost of future legal action, range from union-based (like Falls's CAW's) to policies issued by private insurers. They're never taught in law schools, though that may be about to change. DAS Legal Expenses Insurance Company, which is part of DAS Group, the largest legal expenses

insurer in the world, is set to expand into Canada; it should be selling policies here by the end of the year. If successful, it will change how we access the justice system, hopefully for the better—so long as Canada's provincial law societies, the legal profession's self-regulating bodies, don't stand in the way.

Legal expenses insurance (also known as LEI) has been popular in Europe for decades. In Germany, where DAS is based, 42 per cent of households have a policy. The United Kingdom is the fastest-growing market at the moment, and Paul Aulpi, chief executive officer of DAS UK Group, sees Canada on the same kind of opportunity—our legal system is similar to England's, he points out, and has the same problems of middle-class

solonity. "Our Canadian researchers believe that many families cannot afford the cost of taking legal action to protect their rights," Aulpi says.

In April, DAS UK Group will be opening an office on Tottenham Hall Street, with plans to expand to Calgary and Vancouver soon after (the Canadian company will be a subsidiary of the U.K. group). DAS hopes to begin selling policies as early as July, targeting from family legal protection—insurance against future disputes with an employer or neighbour, for example—on a motor policy, which covers anything from consumer equipment over a vehicle, to lawyers' fees in the event of a driving-related lawsuit. The firm's product should cost about \$300 per year. "Legal fees are paid, and if you lose, you own you might have to pay as a result," Aulpi says, noting that DAS does cap payments at certain levels. Each subscriber will also have access to basic legal advice over the phone. It's not cheap, but it's a bargain compared to the cost of hiring a lawyer.

DAS's entry is sure to attract a spotlight on legal services plans, but it's not entirely unknown here. Many Canadians might have to one without even knowing it, although most have no recourse to the CAW's, which

is an employer-paid, taxable benefit. In a 2006 survey, Stephen Gensberg, executive director of the CAW Legal Services Plan, found that roughly 3.5 million Canadians subscribe to some type of legal services plan, most of which offer little more than access to advice over the phone. (These are often add-ons to employee assistance programs,

KAREN FALLS (above left) says she would have been able to afford her ex's lawyer if not for the CAW's legal services plan.

PHOTO COURTESY OF THE CAW



## DAS, THE LEGAL INSURANCE GIANT PLANS TO OPEN IN CANADA IN APRIL

credit cards or other insurance policies, he says. The Paul Legal Services, which is not a licensed insurer, provide a service to law provinces. Its family plan, which costs \$45 per month, provides members with limited access to some services, but doesn't cover the cost of lawyers.

European-style legal expenses insurance, meanwhile, remains relatively rare in Canada, yet it's been shown to help members of the middle class access the justice system when they might otherwise avoid it. A German study, for example, found this type of insurer encouraged people to fight cases with merit that would otherwise have been dropped.

After a meeting a couple of U.K. residents with LEI, Richard Moorhead, deputy head of Cardiff University's law school, found those who received funding for their claims were generally satisfied. Based on Germany's experience, "there can be little doubt that a well-developed LEI market can improve access to justice," according to Moorhead, an academic lawyer at the University of Cologne.

A member of Canadian experts think we could benefit from a new law access report by Ontario's legal aid system. University of Toronto law professor Michael Tinkler concluded that legal insurance is a "under explored" means of providing access to justice, and urged the Law Society of Upper

Canada and Legal Aid Ontario to take note. "We haven't made as much progress in this area as we might have," he says. Ontario Chief Justice Warren Winkler, who chaired a task force in the 1970s looking at legal services plans, calls them "meaningful and workable." But they never took off on a large scale. It's not that, at least. DAS's chief of client services, LEI provider who's not set up yet. Back in 1980, the U.K.-based Legal Protection Group started issuing legal expenses insurance policies in Canada, says Kevin Gilling, who was the company's vice-president in charge of Canada operations. Not long after, LPE withdrew from the market. Gilling went on to found STEERLON Underwriting Managers, an Ontario-based company that provides high end legal expenses products to companies and licensed professionals, but not individuals. Gilling feels the law sector for not doing more to promote it. For this type of insurance to really catch on, "you need the Law Society of Upper Canada to stand up and say, 'This is a good system,' which they haven't done to date," he says.

Ontario's law society has theoretically supported legal expenses insurance since 1975, but doesn't actively endorse it. The LSCQ says it's more looking at whether it should take a more active role in doing so, as well as examining barriers to it. One of the law societies are non-constituted a spokesman says for the Law Society of B.C., for example, says legal insurance is not among its priorities for the coming year. Gilling doubts some lawyers might oppose LEI because it could drive fees down, not only that, "they'd have someone looking over their shoulder." After all, if a lawyer lost multiple cases, "they'd just be draining the entire system fund."

Yet there is one province where LEI has flourished—in Quebec, where the provincial law society actively promotes it. The Barreau du Québec spends about \$12,500 per year on a public information campaign that includes a website, a hotline, television ads and pamphlets distributed through lawyers' offices. It even provides coverage to its roughly 150 employees. LEI, which is sold through some insurers in the province as an add-on to a homeowners or car insurance policy, costs clients of up to \$5,000 for about \$35 per year, though some rates, like family law, are not covered. Roughly 200,000 Quebecers take

either law or policy. "We're trying to increase other law users to promote it. The job's not as straightforward now," says Pierre Gagnon, president of the Barreau.

Even if they don't seem successful, soon the law societies might not have a choice: the arrival of a two-pronged legal aid system is enough to give law societies serious cause to think about it. "You need a high end corner to invest a lot and make it work," Gilling says. "We just weren't at that state." One impediment to adopting a good legal insurance policy, Winkler says, is the unpredictability of each case. Some are quick to wrap up, while others can stretch on for endless litigation, driving up expenses. (In Germany, which represents half the LEI market worldwide, this isn't a problem: lawyers' fees are fixed, so insurance companies can easily calculate risk.) Beyond that, insurers are wary of what's called adverse selection: the notion that people who'd buy this type of insurance are also the most likely to use it. That's not even an issue plans like the CAW's are successful, with the pool of members, some will certainly be litigious than others. Finally, such policies can be a hard sell because most people don't think they need a lawyer, and they do.

DAS should be well-equipped to deal with these hurdles. By referring clients to a panel of lawyers who agree to work for a set fee, and offering insurance discounts for such clients (family legal protection, for example, covers up to \$100,000), the company has selected successful and cost-effective lawyers, Aulpi says. As for adverse selection, "that's always a problem," he admits. "The answer is, you have to market the product very well, and create a range of policyholders, not just litigious ones." DAS is prepared to absorb some losses over the first few years as it puts down roots here. It's understood, other insurers could follow suit. STEERLON, for one, may piggy back on DAS's arrival to start offering some individual LEI policies, Gilling says.

While legal expenses insurance won't be the magic bullet that solves Canada's access to justice crisis, observers hope it could be one part of the solution. "The U.K. and Canada share a common problem: people have legal rights, but can't afford to enforce them," Aulpi says. "That's the basis of any democracy that people can enforce their rights—otherwise, what have you got?" ■

## GOLFER LANDS HOLE IN ONE EYE

Contra World Golf Union then to fall short in the "endless course in New Hampshire." Golfer Paul Kane had great golf. He's using the course for an undisturbed moment after a ball he hit himself off a practice marker and hit him in the eye. "Before he could even—question the expression—blink, he was hit," says his lawyer, Elyse Smith. His suit contends that the course should have warned players of the right markers. Smith suffered an eye injury



WHO'S SWING WHOM





## Should gamblers be allowed to use a tech toy to beat the house?

Bye-bye, laughing. After being tipped off by casino operators in California, the state's Gaming Control Board issued a warning to all gambling dens, including a stern reminder that anyone caught using an electronic aid could face six years in jail.

If you're seen trying the moves—er, *Russ Man, Gammo*—you know that the goal of black jack is to score closest to 21 without going over. Cards are dealt from a “shoe” (logically five to eight decks shuffled together) and a player either hits or stays, depending on his hand. Sixty-six tie counters have been the

"As I say in my grandfather's manual, I wouldn't recommend using this to cheat a game. It's meant for fun with your friends." Sure. Just like the games "encourage you to play responsibly" as opposed to blowing all your cash.



Scientists have unlocked the electrical potential of handsets resting on breadstove. Thanks to tiny jackets they wear, stamping heatless drivetrains energy over wires, creating electricity. The handsets aren't going to light up a city yet; an ancient, Cernobyl's Dwell, produced just one-20th of the power of an AA battery. In time, say Google Institute of Technology researchers, clothing for humans could capture movements as energy.

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The women of rich and famous pouring into Whistler, B.C. yesterday night. Other, then, the no morning for the ski guides and vacation planners who arrive. Two Thomases was noted British singer-songwriter Seal. "He called my cell out of the house, who, at the time of tell was driving on Vancouver's own Blenheim, owner of one of those restaurants in the three Michelin stars and one of the ones that is great. [Whistler] isn't really recognize him. He here to get away from it all."

(total project cost, \$600)—so that's when Thomas came up with a plan to "pump out the inside of an ice cave" as well as build an igloo. Pumping out an ice cave involved Thomas and crew sawmolding high into alpine backcountry, locating the natural ice cave and taking in supplies of absorption pads, pillows, candles, wine, food, a red camper, flowers and Scott's guitar. "We wanted to make the area look pristine, so we walked in single file, covering our footprints, spreading our footprints with snow."

Heidi had been told she was going into boarding. "They came over a bridge and there were all the rose petals on the ground. They landed on the petals. They went into the air cave. We put down a red carpet. He got

nocturnal operation. "I took them at 7:30 a.m. We snuck out a back door, got into a Suburban, went over to Starbucks, went over to the back entrance of the gondola. I didn't tell the ladies who it was. I said, 'Can we sneak up?' They said, 'Sure, no problem.'"

At 30 r.r.s. they went in for coffee. "Derna was saying her idea of a day of killings about two hours," Kennard carefully explained. "Do you want to go some place a little quiet?" "No, no, no!" they insisted. Moore had taken off her noose and goggles. "We walked up to the coffee bar. I

Still, Thomas doesn't know how bad got his cell number. He was even more surprised when the Germany winner paid said have for advice in the romance department. "He said, 'Hi, I'm interested in proposing to my girl friend.' uh... Heidi Klum. Can you help?" Eventually, he said, "What would you do?" So we start through a few scenarios."

Therrien owns VIP Mountain Holidays in Whistler. The company arranges adventure travel, entertainment and full itineraries for clients, who typically want their groceries dropped far at the local IGA, or a Searbuck's brought to their hotel room, or their snow boots waiting in the bar at the end of the day. "That's the first thing a lot of people want, is to get out of their ski boots," he says.

Soul-bled Theodoro's idea of building a custom igloo (going for \$5,000), but the rugged singer wanted two parts to the proposal, and he pictured the igloo being on top of a mountain. "He wasn't too concerned about budget,"

down on one knee and sang a nice song. Then, outside the cave, we had an igloo built! With a bed in it! Thomas demurs to client confidentiality. However, Marlane's car reveal that the fur-lined candlelit igloo had no less to it.

When Dena Moore and Ashton Katcher visited last winter and wanted a ski grove high and early, Darren Kincaid got the call. Kincaid ran Whistler/Blackcomb's corporate construction program. Moore and Katcher were looking for a "made structure."

"Demi is an intermediate skier, and I definitely worked on technique with her. Ashley's a snowboarder! He's a good athlete, and a strong snowboarder. Quasi often, I'd point him in the direction of a nice powdery bowl and say, 'If you go down there, Demi and I are going to take the road around to the trail, and we'll hook up with you at the bottom.' He'd say, 'Sweet! See you at the bottom!'"

could see people at the coffee bar going. Oh my goodness, it's Denis Moore and Ashton Katcher, and before you know it, all the serving staff and cooks are coming down the stairs and out down behind to take a peek but no one came over and bothered us or took a picture."

For celebrities entering privacy, it doesn't get more intimidating than a deprecation. Katie Holmes didn't feel like being spotted, says Riccardi. "Whatever just happened, it's way too big into the crowd. Pull a tongue over your head. No one really needs. You'd thank people would notice the white teeth and beautiful smile, but no one ever does." "It's way better than the beach," adds Michelle Lemos from *Whisper/Blackout*. "There'll be no tabloid pictures of coffee to be found."

Then there's Lena Jakobs of @Winter Home Holidays who once had a sister whose veil was so clanked in secrecy even she didn't know who she was being accommodated for. Jakobs tells the story of how a woman named "Kathleen" and an "Inspector" flew in from Europe. The woman needed four horses in Wharfedale. "They wanted a log home experience," Security was crucial. Jakobs showed them some homes.

**BRIT** Singer-songwriter Seal asked a Whittier agency to set the scene for his wedding proposal to Heidi Klum.

Kerstner's day with Moore and Kuzhar started cheerily at the Weston Resort & Spa, but by mid-morning, it was clear this was no







ROTENBERG with his like character, Old City Hall: the author has a palpable affection for the nerve centre of Toronto's court system

## Everybody lies. Even in Toronto.

**Lawyer Robert Rotenberg's masterful fiction debut puts his city on the map—undisguised**

**BY BRIAN KETTERER** • Robert Rotenberg knows stories, real or imagined, like fairy tales and surprising news. If he didn't know it from his work as a defence counsel, there's always his own life. Ten days after he was called to the bar as a lawyer in Toronto three decades ago, Rotenberg took up his morning gig as a magazine in Paris. Back home two years later he began publishing and editing his own magazine, *T.O.* Even after opening a criminal law firm 18 years ago, Rotenberg fictional writing (a screenplay and a clinic, going nowhere "noel in a drawer") ignored his trade. "I was going to be a top law professor, then a historian," he says in his afterword. "In fact, I spent most of my life first trying to avoid becoming a lawyer and then trying to avoid becoming a lawyer."

And to what end? Now 55, a prominent criminal lawyer and the first male author of a legal thriller, Rotenberg seems to embody the idea of a man for all occasions and juries after almost a century past. In *Old City Hall* (Simon & Schuster) Rotenberg's reader persona accused of murdering his young wife, an apparently open and kind man, goes that the broadcaster happened to say to a creditable witness, "I killed her," before clamping up and infusing tension into the world to which anyone, including his lawyer. Of course, things aren't really that simple.

The book has moved pretty much everyone who's read it. Eddie Greenbaum, probably the most famous criminal lawyer in Canada, prides how Rotenberg got the law and its many secrets right, best-selling mystery writer Larry Sanders than the way he has the thriller part down. And all because, Rotenberg says with a laugh, he succeeded in his doctory and "just a corpse in chapter one."

Not quite. What critics have found best about *Old City Hall* is the way Toronto itself becomes a character, the manner of Rotenberg in Robert Parker's Spenser series. A finely tuned, intricately woven plot is enriched by knowledge of the multicultural city's locales and characters. The title itself is that too, having something much to do with the plot and everything to do with Rotenberg's palpable affection for Toronto's former city hall—the nerve centre of its court system—and its wholeness. Nor did the local court-drama enthusiasm at his American publishers. "New York didn't question the title, they wanted more Toronto feel, more Toronto smell."

Bringing it all together and making *Old City Hall* about most great writing is Rotenberg's peculiarly defence-counsel way of seeing not only the people across but the world at large. There are moments of personal lawyerly wisdom that a reader without an ability to read mindfully in a jury's eyes rarely by a moment of something about what to just be out, how criminal lawyers, who have to fight for "every second of an opponent" from the Crown on a daylong charge. His reader cases, where "at least you were treated with respect." More important, though, is the part played in the novel by Rotenberg's angry dismissal of zero tolerance policies, now standard in forensic case books.

"Zero tolerance means there's no tolerance to the story, no individual context," he says. "When you surrender the justice system to social groups, no matter how worthy their goals, you lose sight of the people involved, and you lose justice." What's always made criminal law so fascinating for him, Rotenberg continues, is that "everyone who gets caught upon a charge on one day, their own individual agenda. The one thing you can't ask about someone is 'Why didn't he/she act like I would have?'"

That's because everybody has, although mostly by omission, because everybody has something or someone to protect, he says, and at first they think they can. "When people come to my office, they're in shock, and I don't let them talk about their case at all, which drives them crazy because that's all they want to talk about. But I don't want them to continue to their stories. It takes a while before they learn that in our criminal justice system you can't have any secrets."

But even when the secrets are laid open, and everyone's personal life exposed, a door's still follow that the truth will come out, and still and certainly on *Old City Hall*. Rotenberg's novel runs in a way that manages to be both standard and respectfully unsway for the genre. Defence lawyers everywhere will probably applaud. "I have convicted it once whose guilt I don't really know to this day," the author says. "I'm an ambiguous world and I think I learned that reading."



### FINALLY, A BOOK ABOUT...SAVING ELEPHANTS

Jane Whitton's *Ivory's Ghosts* (PENGUIN) traces how the human race has for years threatened millions of elephants, especially during the 19th-century craze for ivory piano keys, piano keys and ivory carvings. Now, it's steadily better how good the skills and how good the love has all sides, even from the 1950s, when a shocked forest elephant that died a natural death. With no legal restraint functioning, the world's continuing demand is fuelled by continuing poaching.



THE AIM WAS TO FIND PEOPLE (not those who) who understood you when you tip. "My mother appeared to me in a vision last night"

## Advice for the beginner psychic

**Well, for one thing, if you're doing a reading on someone and think you see a tumour...**

**BY JULIA MCNEILL** • Beginner psychics are often too hard to be strange and confusing messages, says Rita Shuksep, the co-founder of a new support group for psychics, mediums and clairvoyants in Vancouver. "Remember the old adage with dials?" she says. "Someone you get to be a clairvoyant and it's not for you or the signal isn't particularly strong. It's all garbled." The support group was set up so people could practice their skills and "for finding like-minded people who understand you when you say, 'My mother appeared to me in a vision last night.'"

Shuksep is a retired Vancouver police detective who remembers times when they were named guests before they occurred. She once saved a fellow officer from a line of bullets by putting through a closed apartment door, making him a victim. She's the second of the group. "I'll have things and then 'I got my nose'." Do other people hear things like that?

After her police career, Shuksep's hooded her psychic skills, eventually opening a private practice as a clairvoyant. In October 2008, she and business partner Della Ruffalo launched Psychic Development Open Circle for beginner psychics. The two-hour class (\$10 per person) is every second Tuesday in Vancouver.

At a recent meeting, some members gathered in a room, deeply in a room around a coffee table with decks of tarot cards. The room was packed—four people touched down on the couch, and two more on the floor. Still, no one questioned the empty wooden chairs reserved for "visiting spirits."

A new member, a young married woman, introduced herself, saying the sun certain

"presence" had followed her to the meeting. Suddenly, she said, she felt a cold chill and her arm tingle. She reached for a Kleenex and her eyes watered as she talked about the presence talking her at home while she'd yoga and at night in the bedrooms.

Immediately, Shuksep and Ruffalo turned in to the presence, brainstorming rapidly with their anxieties. It's a quieting. It's on this side of the coin? It's huge. It's male. "I'm getting some weather," Shuksep said. The woman across the room nodded in agreement.

Good news—the presence was friendly and protective, Shuksep and Ruffalo quickly determined. But not too friendly for they should. If it perturbed the young woman in the bedroom, she should tell it. "Talk to me in the kitchen, not here."

Ruffalo took her time, that is her own private practice as a life coach and psychic. She has never had to play any "dially new signs" as any of her clients. But how to use fully communicative information to a client is one of the things members of the group are there to learn. They work through each new series. "Let's imagine you're doing a reading on someone, and you think you see a tumour," Ruffalo said. "We talk to them about how they're not doing as well as hoped. Practitioner." When Rita has seen something, Ruffalo

explained, "She says to the client. 'It might be a good idea to have a scan or get some blood work done.'"

When he guesses and develops their gifts, says Ruffalo, "they will go to give readings to everybody. They'll go up to a total stranger and say, 'I have a message for you.' We want to everybody that those abilities are a gift, and they need to ask permission." Likewise, a beginner psychic gives a reading in a public life room, and "something very personal comes up," Ruffalo advises, "ask the client. 'Do I have your permission to tell you that?'"

Ruffalo tells the story of once turning down a client who wanted to communicate with her dead father. "I can't accept a session on that basis because I can't guarantee that I can talk to her dead. A) he may not want to communicate. B) he may not know he's existed even yet. C) I just don't think that way." She explains, "When we do the Tarot in and 'Energy Up class, we do a session on clients. We tell them, 'Make sure you're not going to guarantee results.'"

Members are encouraged when they first starting their practice to "do it for fun or as a career exchange," says Ruffalo. "For instance, if they have a client who does readings or a friend who is accounting, use if they can trade stories. When they're feeling comfortable, we suggest they charge a dollar a minute. That's the standard starting rate. It's a business as well."



### MOST IMPROVED SALMAN RUSHDIE

Despite the party onset of his middle age, the 61-year-old author of *The Satanic Verses* has bounced back from four previous marriages and three girlfriends with a flourishing new romance. He is chasing his dream, 32, who is high tech, smart, rich, down him at his best. The current performance, which is about to be performed in the stage show *Satellite*, says, "It's physical but it's not only or mostly about looks."







## RINO RAY JOHNSON

1932-2009

He loved fixing things and refinishing furniture, and was very particular about his tools

Rino Ray Johnson was born on Jan. 8, 1932, in Luskala, Alta., the son of two ranching farmers. As a boy, he liked to help out on the family farm, but he left home at 17 to work on a logger in B.C.'s Okanagan Valley. An about-face, he didn't have a large build for a logger, but he was extremely strong, a natural and good with his hands, especially at fixing things and carpentry, which he taught himself by taking things apart and rebuilding.

At 23, Ray met his wife, Marion, whom he'd met while working at the Babine Lake logging camp. They were B.C. She was the camp cook, and he filled tires and drove the skidder. They both loved the ruggedness of the West Coast, carpentry, and going to garage sales. Moving to Langman, B.C., Ray and Marion had six children: Marlene, Colleen, Barbara, Patrick, Laurie and Renee. He was a musician, and had a wooden house for his growing family. It was a clear bedroom house with a shed out back where Ray's prized collection of tools. The whole family dug the foundation and then moved in floorboards together.

In 1965, they moved to Enderby, about an hour drive away, where the couple set up a store called Ray's, selling hardware and tools. They sold the same wood, logging and milling equipment. They didn't have a lot of money, but Ray tried to make what they needed, and even made his children a wooden toy pickup, one, and he never "He used to carve tools that he'd use on the benches," says his daughter Laurie Rowe. In 1974, the Johnsons sold their store and went to northern California, living in their savings in a trailer. When funds were low, Ray would buy used furniture and fix it up, although he never charged much and it was always a passion as much as a job.

Moving to Calgary in 1984, Ray and Marion settled at the Greenwood Village Mobile Home Park. In the yard was Ray's workshop, where he would fix, and he shed, where he would store his tools. He was very "particular" about how these were kept, says his grand son Tracy Johnson. Hammer, saw blades and other things from the walls, screws and nails were ordered and kept in jars. Ray worked as a janitor at the Calgary Christian Centre, then later as a superintendent at the Glenora Christian Academy. He and Marion set up their second store, called Raynor's, in 1991, which sold tools and furniture that he had spiced up after finding items in garage or

estate sales. "He would take things and bring them back to life," says Mike Menney, a close friend and an antique dealer.

The couple loved to load up their trailer and travel down to the U.S. Every summer, they drove south along the Oregon coast to Mexico, stopping off at Disneyland along the way. On the journey, they would listen to country music, especially people like Hank Snow or Johnny Cash. Ray would play the harmonica and Marion the guitar. "He wasn't a great singer, but he could carry a note, and we didn't care," says Laurie.

In 1996, the couple sold their store and started working Sundays at Calgary's Hillhurst Swapville flea market, where they also sold tools and refinished furniture. Ray was known as the Tool Guy because of his extensive collection, which he would carry to the market in large steel boxes in his pickup. Generous and trusting, he would let people borrow anything they needed, whether it was a drill or a nail gun. Customers could buy goods and pay later, and he gave discounts to those who were hard up.

In July 2008, Marion found out she had lung cancer. The Christmas, Ray also discovered he had an Hodgkin's lymphoma. After six months of chemo therapy, Ray was cancer-free. Marion wasn't so lucky—one of her lungs was removed, but she can get used to her liver and she

died a year later. For Ray it was a difficult loss, since they were not only husband and wife but "best friends," says his daughter Renee Gillard. After Marion's death, the mother, who they said so as at their still together, took on a more important role in Ray's life. It only opened on Sundays, so at midnight, he would arrive and sleep in his truck until the doors opened at 6 a.m. The rest of the week, Ray would scour the local papers, buy tools and used furniture to sell.

A few weeks ago, Ray answered an ad to buy a tool collection. On Jan. 10, his burned body was found in an industrial area in Calgary. Later that week, a man and a woman were arrested, carrying his credit cards and driving his stolen truck. Police allege the pair, who are married, lured Ray to their home to rob and beat him to death. His friends from the flea market paid their tributes by laying out flowers and a condolence book on the table where his tools were once displayed.

BY ALEXANDRA TRIMIO

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